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Pace & Pace

The Pace Student

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Annual Banquet, Pace Institute of New York

Two United States Senators Address Great Throng

P-A-C-E C-L-U-B
P-A-C-E C-L-U-B
P-A-C-E C-L-U-B
RAY! RAY! RAY!

For it's always fair weather
When good fellows get together;
With a stein on the table
And a good song ringing clear.

AT six-thirty o'clock, on Saturday evening, April 21st, in the grand ballroom of the Hotel Commodore, New York City, eighteen hundred banqueters—Pace students, graduates, and friends—made the well-known welkin ring with this Pace Club cheer. With no better words can we describe the way in which it began—the annual banquet of Pace Institute, New York, held under the auspices of The Pace Club, the great social event of the year for Pace students, past and present. Graced by the presence of two United States senators, and leaders in accountancy, in business, and in education, this banquet will live for a long time as a bright memory in the minds of those who were so fortunate as to be there. For this evening, balance sheets, cost statements, and all such technical documents, dear to the heart of every accountant and accountancy student, were non-existent. Good-fellowship ruled.

SENATOR WOODBRIDGE N. FERRIS

All took their places at the tables in the great banquet-hall promptly at six-thirty, and remained standing while those who were to sit at the speakers' table, members of the firm of Pace & Pace, leading accountants, business men, and educators, filed in and took their seats. Pace students have a habit of conserving their vocal energies for the banquet each year. This year, these same vocal energies were more than ordinarily well conserved. Cheers re-echoed from every corner of the banquet-hall. There were Day-school cheers and Evening-school cheers, cheers from Newark and cheers from Trenton, cheers for teachers and cheers for students.

An excellent menu, prepared and served in the Commodore's best manner, was naturally an important part of the program. During the course of the dinner, pictures of leading accountants, educators, and business men were thrown on the screen in one end of the banquet hall. The diners shouted their approval, particularly at those pictures which exhibited some of their instructors reflecting profoundly on weighty managerial problems, at the mature age of two years and eight months. William Eisenhauer, the well-known community song leader, led the organized singing. Between songs, Cordes' Orchestra kept things on the move with a program of popular airs.

Homer S. Pace, who presided as toast-master, introduced Raymond J. Knoeppel, a director and formerly president of the Rotary Club of New York, who explained the mission of Rotary and how this great organization is fulfilling this mission in its various activities. Charles A. Pace extended a cordial greeting. He pointed out that young men and young women, in making preparation for the business of life, should remember that material rewards are not an end in themselves, but that every one should aim to render a real service to humanity; and, in rendering this service, will find that material rewards will take care of themselves.

The Webber Male Quartette, of New York City, gave several selections and was roundly applauded. Henry Allan Price, who has added so much to the enjoyment of past banquets with his songs and recitations, was again on hand, with several of his unique recitations, "Otto and His Auto" being a particular favorite. Frederick R. Hazard, vice-president of The Pace Club, told of the spirit of the students of Pace Institute and of the effort put forth by the various members of the banquet committee to make the banquet an unqualified success. He told of the individual contribution of each member of the committee and called for cheers for these members. The cheering was under the direction of Wade W. Cloyd, chairman of publicity of the Banquet Committee and cheer-leader extraordinary.

RAYMOND J. KNOEPPEL
Former President, Rotary Club, New York

As Mr. Homer S. Pace rose to introduce the speaker of the evening, the Honorable Woodbridge N. Ferris, active head of Ferris Institute, Big Rapids, Michigan, and United States Senator from that state, a hush fell over the great room. Mr. Pace spoke in feeling terms of Senator Ferris, of his many contributions to the cause of education and good citizenship, and of the impress which he personally has left on the lives of thousands of men and women on whom, throughout his long life, he has exercised a constant influence for good. He told of the Senator's interest in students, in their development, in their hopes and aspirations, and he indicated in feeling terms the real privilege that it was to have Senator Ferris present as the speaker of the evening.

Senator Ferris rose amid a tumult of applause and began to speak. He drove home in telling language certain fundamental vocational principles. He told of the responsibility which teachers have in divining vocational aptitudes in their students, and in aiding them to realize on these aptitudes. He spoke of success and of the fact that true success is only achieved when one does that one thing which, by nature, he is best fitted to do. He told of how success comes to many late in life, citing, as an example, the eminent novelist, William DeMorgan, who did not begin to write until he was past sixty, and who, after that time, produced many notable novels which have given him a high place in English literature. He told of young men unsuccessful in their school work because they were not doing the thing which they should have been doing, and he brought out, in no uncertain language, the responsibility which rests upon every man, and particularly upon every educator, to divine this natural aptitude and to nurture it, so that it may bear fruit. Senator Ferris's message will long be remembered, and it is putting it mildly to say that many who came to the banquet primarily to pass a pleasant social evening carried away with them truths that will change the current of their entire lives. One man frankly admitted as much, and said that he only wished that he could have heard the Senator fifteen years earlier. The cheers which followed Senator Ferris's speech came from the hearts of men and women who had been deeply touched.

Mr. Pace then took charge of the ceremonies and brought a note of informality into the proceedings by asking different groups in the banquet-hall to rise—teachers of Pace Institute, past and present; all those who had ever taught in any school; married men; married women; and those who hoped to belong soon to one of the latter groups.

Honorable Royal S. Copeland, United States Senator from New York State, greeted the audience and expressed his pleasure at being present.

The evening was brought to an enjoyable close by dancing, music for which was furnished by Cordes' Orchestra.

The officers of the Pace Club are: ———, president; Frederick R. Hazard, vice-president; Walter E. Soderstrom, vice-president; Miss Alice F. King, secretary; Miss Erna W. Cass, assistant secretary; Henry A. Hart, treasurer; Irving Greller, assistant treasurer. The Banquet Committee, which made such a success of the affair, was made up of Ralph G. Lowe, general chairman; Rudolph G. Lindstrom, hotel arrangements; Harold B. Pope, entertainment; Wade W. Cloyd, publicity; William J. Foster, Day-School; Irving Greller, Alumni; and Frederick M. Schaeberle, faculty representative.

Among the guests present were: Victor Alvarez, Garcia & Diaz, New York City; Harold B. Atkins, C.P.A., Deloitte, Plender, Griffiths & Company, accountants, New York City; George E. Beck, Keech & Beck, New York City; Laurence Beckerle, manager, Spring Valley Coal & Lumber Company, Spring Valley, N. Y.; William H. Bell, C.P.A., Haskins & Sells, certified public accountants, New York City; Daniel H. Bender, C.P.A., assistant secretary, Guaranty Trust Company of New York, New York City; Elmer Blauvelt, treasurer, Hackensack Coal and Lumber Company, Hackensack, N. J.; Joseph H. Callan, Crucible Steel Company of America, New York City; William B. Campbell, C.P.A., Price, Waterhouse & Company, accountants, New York City; Miss J. Carroll, Bryant & Stratton College, Providence, R. I.; Paul E. Clark, Dean, Pace Institute, Washington, D. C.; R. O. Cook, Rochester Business Institute, Rochester, N. Y.; Honorable Royal S. Copeland, United States Senator from New York State, New York City; Charles Dell, principal, Drake Business College, Bayonne, N. J.; P. E. Demarest, Ph.D., principal, Bryant High School, Long Island City, N. Y.; J. D. Dillingham, Ph.D., principal, Newtown High School, Elmhurst, N. Y.; Homer A. Dunn, C.P.A., Haskins & Sells, certified public accountants, New York City; E. J. Enthoven, C.P.A., Jacquelin & DeCoppet, New York City; James F. Farrell, C.P.A., Boyce, Hughes & Farrell, certified public accountants, New York City; A. S. Fedde, C.P.A., A. S. Fedde & Company, accountants and auditors, New York City; Herman Feldman, chairman of board, Baltimore Pace Accountancy Association, Baltimore, Md.; Henry B. Fernald, C.P.A., Loomis, Suffern & Fernald, certified public accountants, New York City; Honorable Woodbridge N. Ferris, United States Senator from Michigan, Big Rapids, Michigan; William F. Freeland, educator, New York City; Herbert C. Freeman, C.P.A., National Cloak & Suit Company, New York City; M. Garcia, Garcia & Diaz, New York City; A. J. Gleason, principal, Drake Business College, Newark, N. J.; J. J. Goldman, member of the board of directors, Rotary Club of New York, New York City; Rabbi Jacob Goldstein, New Brunswick, N. J.; J. S. M. Goodloe, C.P.A., Loomis, Suffern & Fernald, certified public accountants, New York City; J. Pryse Goodwin, C.P.A., Marwick, Mitchell & Company, accountants and auditors, New York City; Everett Goudy, The New York *American,* New York City; Harold Dudley Greeley, C.P.A., New York City; John Robert Gregg, Gregg Publishing Company, New York City; Harold B. Hart, C.P.A., New York City; Robert L. Hatch, formerly president, Rotary Club of New York, New York City; Charles Hecht, C.P.A., Charles Hecht & Company, certified public accountants, New York City; Charles B. Howe, A.M., principal, Bushwick Evening Trade School, Brooklyn, N. Y.; James F. Hughes, C.P.A., Boyce, Hughes & Farrell, certified public accountants, New York City; Harry L. Jacobs, president, Bryant & Stratton College, Providence, R. I.; E. P. Jenison, vice-president, Bryant & Stratton College, Providence, R. I.; John T. Kennedy, LL.B., Washington, D. C.; Raymond J. Knoeppel, formerly president of the Rotary Club of New York, New York City; John H. Koch, C.P.A., New York City; F. J. Lally, Pace Institute, Boston, Mass.; Luther E. Lovejoy, Council of Boards of Benevolence of the Methodist Episcopal Church, Chicago, Ill.; Owen R. Lovejoy, general secretary, National Child Labor Committee, New York City; Miss Dorothy Lydecker, *Harper's Bazar,* New York City; L. O. Manley, C.P.A., R. G. Rankin & Company, accountants and auditors, New York City; Berton L. Maxfield, Niebrugge & Maxfield, attorneys and counsellors-at-law, New York City; Holmes W. Merton, president, Merton Institute, New York City; Oscar M. Miller, assistant to general superintendent, Standard Oil Company of New Jersey, Elizabeth, N. J.; Thomas C. Miller, member of the board of directors, Rotary Club of New York, New York City; Perley Morse, C.P.A., Perley Morse & Company, certified public accountants, New York City; Samuel D. Patterson, C.P.A., New York City; Francis H. J. Paul, Ph.D., principal, DeWitt Clinton High School, New York City; Mrs. Ethel K. Pollard, assistant director, Pace Institute, Washington, D. C.; R. G. Rankin, C.P.A., R. G. Rankin & Company, accountants and auditors, New York City; James L. Ridgway, C.P.A., Patterson & Ridgway, public accountants, New York City; Edwin H. Rushmore, secretary, Rotary Club of New York, New York City;

SENATOR ROYAL S. COPELAND

Charles H. Schnepfe, Jr., C.P.A., Director, Baltimore Pace Institute, Baltimore, Md.; Howard A. Schnepfe, Charles H. Schnepfe, Jr., & Company, certified public accountants, Baltimore, Md.; William H. Taft, 2nd, The New York *Times*, New York City; Ira W. Travell, superintendent of schools, Ridgewood, N. J.; Mervyn B. Walsh, C.P.A., Walsh Institute, Detroit, Mich.; Norman E. Webster, C.P.A., Niles & Niles, certified public accountants, New York City; William F. Weiss, C.P.A., W. F. Weiss & Company, certified public accountants, New York City; James F. Welch, C.P.A., president of the New Jersey Society of Certified Public Accountants, Newark, N. J.; William H. West, C.P.A., West, Flint & Company, accountants and auditors, New York City; Harold A. Wythes, C.P.A., Wythes & Wilson, certified public accountants, New York City; William Wiener, Ph.D., principal, Central Commercial and Manual Training High School, Newark, N. J.; John R. Wildman, C.P.A., Haskins & Sells, certified public accountants, New York City.

A Discussion of Merchandise Turnover

RATE of turnover is frequently expressed in respect to quantity of merchandise, investment in merchandise, invested capital, employment of labor, and other matters. The retail or wholesale merchant usually finds the rate in respect to quantity of merchandise to be of peculiar value in connection with the determination of management policies. This discussion will, therefore, be limited to the subject of Merchandise Turnover.

The steps indicated by the words "merchandise turnover" are: (1) the purchase or other acquisition of an article; (2) the retention of the article for a time; and (3) the sale or other disposition of the article. Whenever this cycle has been completed, there is a turnover. The rate of turnover may be expressed as the number of times turnover will happen in a given period of time.

As there is lacking a single word which properly expresses the three steps of the cycle, we may use the term "out-go" to indicate the ending of the cycle, and to suggest the two steps which must precede. Acquisition and disposition of articles are generally made through purchase and sale, and these terms will be used hereinafter to express any method of acquisition or disposition.

Merchandise turnover involves the calculation of a rate, a word which connotes a time limit within which the statement of the rate will apply. We speak of a train that travels sixty miles an hour, and thereby state the rate within the limits of one hour. The time of one hour may be changed to minutes or days by the use of division or multiplication. The same train travels at the rate of one mile a minute, or at the rate of 1,440 miles a day. Merchandise turnover may be stated in respect to any given period of time, which may be changed by division or multiplication to a different period. The statement of the rate is usually made in respect to one year.

The calculation of any rate is made by the division of one number by another. A train has traveled 125 miles. To determine the rate of travel, we must first determine the time consumed and express it in the unit of time which will state the rate, either hour, minute, or second. When we have determined that two and one half hours were consumed in making the trip, we divide the number 125, which represents the number of miles traveled, by the number two and one half, which represents the time consumed stated in the unit in which we desire the rate, to arrive at a rate of travel of fifty miles an hour. Merchandise turnover is also determined by the division of one number by another. The determination of the numbers to be used will now be considered.

Merchandise turnover seeks to express the number of times the merchandising cycle heretofore mentioned will be completed in a given period of time for an article carried in stock for that period. Conversely, when the rate is known, the average length of time that a given article must remain in stock before it is sold may be determined by dividing the time by the rate. This determination fixes the length of time that working capital must be invested in an article before a sale is made and the profit is realized. Therein lies the value of the merchandise turnover calculation for the merchant.

A dealer purchases an automobile, retains it one month, and sells it. The cycle is complete—we have an out-go. We find, furthermore, that he must retain the article in stock one month for an out-go of one. The retention of one article for one month may be expressed as one article-month. The merchandise turnover per month is one. It is the ratio between the number representing the out-go for a month and the number representing the article-months.

In his operations for the year, the same dealer purchases an automobile each month during the year, retains it one month, and sells it. We still find that he must retain an automobile in stock for one month for an out-go of one. The retention of twelve articles for one month each is equivalent to twelve articles for one month, one article for twelve months, or one article-year. The out-go for the year is twelve. The number that represents the out-go for the year, divided by the number that represents the article-years which is expressed in the unit in which we desire the rate, gives the merchandise turnover of twelve a year.

Another merchant purchases twelve automobiles, retains them for one year, and sells them. His out-go is twelve, and the number representing the article-years is twelve. His merchandise turnover a year is one.

In the case of the first merchant, if we divide the time of one year by the rate of twelve, we find that he must retain an article in stock for an average length of time of one twelfth of a year before making a sale. The second merchant must retain an article in stock for an average time of one year before a sale. The out-go of each merchant for a year is the same. The second merchant must have his working capital invested in an article for an average of twelve times the length of time required of the first merchant to make a sale; or the second merchant must have twelve times the invested capital of the first merchant to have the same out-go in the same length of time.

The stock of the second merchant remained unchanged throughout the year, so that we arrived at the article-years without difficulty. The first merchant was purchasing and selling throughout the year, so that we had to arrive at a number that was equivalent to a certain number of articles for a year, although none were actually retained for a full year. The term "equivalent stock" may be used to express the result obtained by reducing various numbers of articles in stock for various periods of time to the equivalent of a definite number of articles in stock for a stated period of time.

Merchandise Turnover Defined

Merchandise turnover for a period, then, is the number that represents the out-go for that period divided by the number that represents the equivalent stock for the same period.

Some difficulties arise in determining the proper numbers to be used as numerator and denominator of this fraction. For example, a dealer will probably handle more than one commodity, so that he has the problem either of fixing a rate for any or all commodities separately, or of being satisfied with a combination rate without regard to commodities. The quantity of out-go and of equivalent stock of a particular commodity may not be disclosed by the records, and analysis may not be possible with a reasonable expenditure of effort. Merchandise stocks will fluctuate from day to day as purchases and sales are made, and the determination of the equivalent stock may involve complicated calculations.

The need of separate rates or of a combination rate for a dealer selling several commodities may be determined by an examination of his business. The number of commodities sold and the relative importance of each may determine whether a separate rate for any or all commodities will be needed to enable the management to fix a sales policy. Thus, it may be expedient to arrive at a combination rate for all commodities, but to determine a separate rate for some new commodity that is being placed upon the market, in order to gauge the success of a special advertising or selling campaign.

A comparison may be made between the separate rate for each commodity and the combination rate, as shown by the following tabulation:

Article	*Out-go*	*Equivalent Stock*	*Merchandise Turnover*
Brief Cases	72	12	6
Boston Bags	18	6	3
Trunks	2	1	2
All Articles	92	19	4 16/19

When the rate is determined without reference to the articles sold, it gives a general idea of results, but may fail to disclose the specific information that is needed in reference to some particular article. Merchandise turnover, then, may be expressed as a separate rate for any or all commodities, or as a combination rate for all commodities.

Many merchants do not maintain any form of perpetual inventory, but depend upon inventories taken at the beginning and end of the period to arrive at the cost of the goods sold. The quantities of out-go and equivalent stock are not available for calculation without an analysis of the creditors' and the customers' invoices and other documents that would disclose the quantities. We have the choice of two alternatives in such a situation. We may secure the quantities by an examination of all records and documents, or we may use the values rather than the quantities. The values, of course, are always available in a proper set of records.

We may attempt the calculation of merchandise turnover for a merchant whose records do not disclose the quantities he has bought and sold. We may find the quantities of the opening inventory and closing inventory, if inventory sheets have been retained. The quantity of purchases and sales is not known, but their value is. An examination of his accounts would disclose the following:

Account	*Amount*
Opening Inventory	$ 500
Purchases	6,000
Sales	9,600
Closing Inventory	500

The quantity of out-go will be disclosed by an analysis and tabulation of the quantities, as shown upon all of the customers' invoices for the year, the total of which is entered in the Sales Account. The quantity of equivalent stock will be disclosed by an analysis and tabulation beginning with the quantities shown in the opening inventory, to which additions and deductions are made in accordance with what was received and sent out. These quantities would be disclosed by customers' and creditors' invoices, the total of which is entered in the Purchases and Sales accounts.

The equivalent stock is found by a calculation based upon the conversion of various quantities in stock for a short period of time to a stated quantity for the period of the rate.

When these analyses are impracticable, the same result may be obtained by the use of the cost or sales price for the quantity of out-go and of equivalent stock. Out-go at cost price divided by the cost of equivalent stock, or out-go at selling price divided by selling price of equivalent stock, will give merchandise turnover; thus, if the cost and selling prices remained unchanged throughout the period, the following tabulation will give the rate:

	Quantities	Quantities at \$5.00 Cost Price	Quantities at \$8.00 Selling Price
Out-go	1200	\$6,000.00	\$9,600.00
Equivalent Stock	100	500.00	800.00
Merchandise Turnover	12	12	12

All three calculations arrive at the same merchandise turnover, when there is no change in prices during the year. Approximately, the same results would be obtained with a variety of prices, depending upon the accuracy of the method used for pricing the equivalent stock. Merchandise turnover may be calculated by the use of quantities, of quantities at cost price, or of quantities at selling price.

Merchandise stock will fluctuate from day to day as purchases and sales are made, and the determination of the equivalent stock may involve complicated calculations, Such a calculation might be avoided by the determination of a rate for that period of time during which there was no change in the stock on hand.

A dealer purchases an article which he retains for one month before the sale is made; this gives a merchandise turnover of one a month. He then purchases two articles which he retains for eleven months and then sells both; this gives a turnover of one for eleven months. These rates are unsatisfactory, because we desire the rate for one year.

Whether we stop at the end of one day, one month, or one year, the numerator of our fraction for merchandise turnover is easily found, because we take the out-go to that date. For the denominator of our fraction, we must give consideration to each change that takes place and to the length of time during which there was no change, in order to arrive at the equivalent stock for the period.

If we have two articles in stock for eleven months, it is equivalent to having twenty-two articles for one month, one article for twenty-two months, or twenty-two article-months. If we add to this amount one article for one month or one article-month, we obtain a total of twenty-three article-months or one and eleven-twelfths article-years, which is the equivalent stock. We lack one article-month of having a stock of two, because for the first month we carried only one article in stock. The rate of merchandise turnover is then determined by dividing the out-go of three by the equivalent stock of one and eleven-twelfths, to obtain a merchandise turnover of one and thirteen twenty-thirds.

A complete definition of merchandise turnover may then be given: Merchandise turnover, which may be expressed as a separate rate for any or all commodities, or as a combination rate for all commodities, is the number that represents the out-go divided by the number that represents the equivalent stock. These numbers may state the quantities, the quantities at cost price, or the quantities at selling price.

The practical application of this definition in respect to the determination of the equivalent stock is best made where a perpetual inventory record is kept, and periodically the quantities, quantities at cost price, or quantities at selling price of stock on hand are determined for use in the calculation of the equivalent stock. The most accurate result for equivalent stock is obtained when the opening inventory is considered to be on hand, unchanged for the day, and changes for purchases and sales are entered as at the close of the day to arrive at the opening inventory for the following day, which will be considered to be on hand unchanged for that day. The opening inventory, if it is considered to be unchanged for the day, will give the figure for article-days or dollar-days. The sum of them for all days, divided by the number of days for the period, will give the equivalent stock for the period in quantities or dollars.

This daily calculation can not always be made, and it is frequently necessary to resort to the weekly or monthly basis. The calculations in these cases are based upon the assumption that the opening inventory remains unchanged until the end of the week or month, when purchases are added and sales are deducted, in order to arrive at an opening inventory for the next period which will be considered to be unchanged throughout that period. The longer the period the more inaccurate the result becomes, if the purchases and sales are not evenly distributed within the period.

The following tabulation shows the calculation of a combination rate for the year when each opening inventory is assumed to remain unchanged for a month:

Date	Opening Inventory	Purchases	Sales (at Cost)	Closing Inventory	Dollar-Months
Jan. 1	\$2,000				2,000
Jan. 31		\$3,000	\$2,750	\$2,250	2,250
Feb. 28		2,000	2,000	2,250	2,250
March 31		2,500	3,500	1,250	1,250
April 30		3,250	3,250	1,250	1,250
May 31		3,000	3,000	1,250	1,250
June 30		3,250	2,750	1,750	1,750
July 31		2,500	3,500	750	750
Aug. 31		3,000	2,250	1,500	1,500
Sept. 30		3,100	2,600	2,000	2,000
Oct. 31		3,250	3,500	1,750	1,750
Nov. 30		3,810	2,800	2,760	2,760
Dec. 31		2,950	2,700	3,010	
	\$2,000	\$35,610	\$34,600	\$3,010	20,760

The dollar-months total is 20,760, which gives 1,730 dollar-years. The out-go for the year at cost price is \$34,600. The number 34,600 representing the out-go may then be divided by the number 1,730, representing the equivalent stock for the year, to arrive at a merchandise turnover a year of 20.

Make an effort to work, not work an effort.

Some folks call themselves individualists. Their associates, though, frequently call them other names—names that are nearer the truth.

If some of us approached our work with the same verve and gusto with which we attack the Sunday papers after breakfast, we might find the pay-envelope a little fatter along about this season of the year.

William J. Christian, C.P.A.

Associate Member of the Firm, C. Palmer Parker, C.P.A., and Associates, Birmingham, Alabama

MR. CHRISTIAN is not yet twenty-three years of age, but he holds the C.P.A. certificate from the state of Alabama, and he is an associate member of the firm of C. Palmer Parker and Associates, of Birmingham, in that state. Less than two years ago, Mr. Christian began his study of Accountancy at Pace Institute. It is putting it lightly to say that he has achieved an extraordinary vocational success. His record is more eloquent than words, and should serve as a brilliant inspiration to students contemplating entrance into professional accountancy practice.

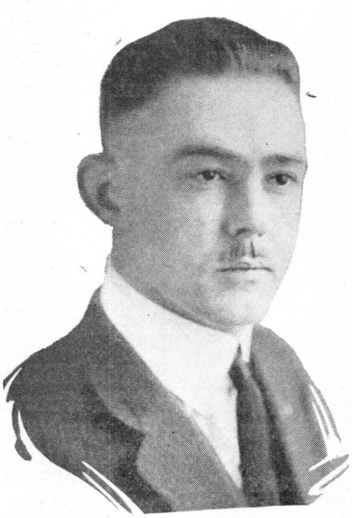
A significant thing in Mr. Christian's success is the singleness of purpose which made its achievement possible. He had studied electrical engineering in college, and was engaged in a successful business venture of his own. Fortuitous circumstance made him acquainted with the work of one or two accountants. He made some investigations, sought counsel from friends who could help him, decided to prepare himself for professional practice, and in September, 1921, came to New York City and began his study at Pace Institute.

Mr. Christian decided to carve out his professional success in his native state and in his native city. He secured his training in a metropolitan school, but he went back to Birmingham to begin his own practice, where he knew the people, and where he realized the opportunities for local accountants to offer their services to local business and manufacturing organizations. His success attests the soundness of his judgment.

On November 15, 1922, exactly fourteen months from the date that he enrolled at Pace Institute, Mr. Christian sat in the C.P.A. examinations in the state of Alabama. These examinations are conducted under the supervision of the American Institute of Accountants. Although he had no knowledge of accounting prior to his enrolment in the Pace Course, he was successful in this examination, and has been awarded his professional degree by the Alabama Examining Board. He was the only candidate successful in the examination, and he will not be twenty-three years old until July of this year.

Acting upon the recommendation of several accountants of Birmingham, Mr. Christian, who was desirous of securing Accountancy training, came to New York, in September, 1921, and enrolled for Semester A in the Day-School Division of Pace Institute. He went through the first three semesters and supplemented his study by practical experience on the staff of Martin Kortjohn, C.P.A., New York City. At the end of Semester C, he left Pace Institute and returned to Alabama where he immediately secured a position on the staff of C. Palmer Parker & Company. The firm name was later changed to C. Palmer Parker, Certified Public Accountant and Associates. Mr. Christian's rise with this firm was rapid. He began as a semi-senior accountant, in a very short time was made a senior, and, on September 15, 1922, he was admitted as an associate member of the firm. On January 1st of this year, he was appointed chief of the technical staff of his firm.

The subject of our sketch was born in Birmingham, Alabama, on July 23, 1900. After graduating from the Woodlawn Grammar School of that city, he studied at the Central High School, and, in 1917, enrolled as a freshman at the Alabama Polytechnic Institute, at Auburn, Alabama. It is significant to note, at this point, that Mr. Christian had no intention whatever of entering Accountancy practice. In fact, all his interests were in the field of electrical engineering. He completed the special course in automobile engineering in the Alabama Polytechnic Institute, and also studied electrical engineering in the same school.



WM. J. CHRISTIAN, C.P.A,

During his senior year, he served as instructor in charge of the automobile laboratories, and, after leaving Auburn, worked for some time in the Engineering Department of the Preston Motors Corporation. While engaged in this work, he took charge of the evening course in automobile mechanics at the Birmingham Y. M. C. A.

Feeling the desire to get into his own business, Mr. Christian left Birmingham and went to Attalla, Alabama, where, in partnership with a college classmate, he conducted a garage and accessory business. Up to this point, his training had been entirely along electrical engineering lines, but as soon as he began to operate his own business, he realized the importance of a sound knowledge of the fundamentals of business and organization. Mr. Christian's interest in accounting and related matters was heightened by his contact with some auditors who were examining the books of the local bank in Attalla. After talking with them and after much thought on his part, he decided to execute a vocational right-about face and prepare for professional Accountancy practice. That Mr. Christian made a wise vocational decision is evidenced by the remarkable success which he has already made; and he has not yet passed his twenty-third birthday.

MORLEY L. HILL, Walsh Institute of Accountancy, Detroit, conducting Pace Standardized Courses, recently accepted a position with the Paige-Detroit Motor Car Company, Detroit, Mich.

E. W. C. MACPHAIL, a student in Pace Institute, Extension Division, announces the opening of an office for the professional practice of Accountancy, at 901 Northwestern Avenue, Hollywood, Calif.

JOHN H. DAYNEY, Walsh Institute of Accountancy, Detroit, conducting Pace Standardized Courses, recently accepted a position in the office of the Standard Oil Company of Indiana, Detroit, Mich.

LOTEN T. BASKIN, Walsh Institute of Accountancy, Detroit, conducting Pace Standardized Courses, recently accepted a position as bookkeeper in the offices of the Cunningham Drug Stores, Detroit, Mich.

ANDREW G. BLINER, Walsh Institute of Accountancy, Detroit, conducting Pace Standardized Courses, recently accepted a position as office manager with the Vincent Steel Process Company, Detroit, Mich.

VICTOR L. GUSTAVSON, a student at the Pittsburgh School of Accountancy, conducting Pace Standardized Courses, has accepted a position as chief accountant with the Somerset Dairy Company of Johnstown, Pa.

MISS KATHARINE F. THEILMAN, Walsh Institute of Accountancy, Detroit, conducting Pace Standardized Courses, has accepted a position as office manager with the Standard Motor Parts Company, Detroit, Mich.

JAMES E. CUMMINS, Walsh Institute of Accountancy, Detroit, conducting Pace Standardized Courses, has opened an office at 213 Hammond Building, Detroit, Mich. Mr. Cummins is conducting a general tax service.

BENJAMIN SHANBLATT, a student at the Pittsburgh School of Accountancy, conducting Pace Standardized Courses, recently accepted a position as general bookkeeper for the United Electric Supply Company, Pittsburgh, Pa.

W. E. JACOBY, a former student at Pace Institute, New York, has accepted, through the Pace Agency for Placements, Inc., a position as bookkeeper with Edwards & Company, 140th Street & Girard Avenue, New York City. Mr. Jacoby was formerly with the Theurer Wagon Works, 209 West 56th Street, New York City.

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A Thought on Holidays

A SHORT time ago, I sent out some letters to a group of executives two days before one of the minor holidays. On that holiday, I did not go to my office. The following morning, on opening my mail, I discovered that fully half of the executives had dictated their replies to my communication from their office on the holiday. This made me think a bit.

I happen to know that most business houses were closed on that particular holiday. These executives then—they ranged in position from an office manager to the chairman of the board of directors of a corporation known all over the world—either could not keep holidays as easily as their clerks, or else they had decided that this particular holiday was a good day to clean up correspondence and other details which somehow or other had accumulated in the press of the ordinary day's activities. I am inclined to think that it was a little of both. I venture to say, however, that if one were to take a poll of the down-town district of New York on that particular day in question, he would have found a far greater proportion of executives at their desks than he would of clerks and subordinates.

We might conclude that there is no particular reason why any one in an office might not utilize a holiday once in a while—particularly in the winter—to do some constructive planning and to clean up accumulated details. An idea here, at least.

No Place for the Grouch in Business

FROM the way they look, some business men are evidently obsessed with the idea that efficiency and a long face have a great deal in common. If it isn't this, it must be business worries, business cares, business problems.

Efficiency and a grouch have nothing in common, and when business worries begin to pile up, that is just the time to get rid of the long face and the harried look. The man who gets things done in business isn't letting every one know when things bother him. This is just the time when the smile means most—to him and to his associates.

Grouchiness never helps anybody in putting through a difficult job. It never helps anybody in directing the work of others. It never helps in negotiations. Get rid of it.

Honesty the Basis of Business

ACTING possibly upon the old adage that "A watched pot never boils," many newsstand proprietors in New York City frequently leave their stands entirely unattended for short periods. Customers select their own periodicals or papers, and make their own change. Preposterous, you say. But it's true.

Business, great and small, is full of contradictions. There are cafeterias where the goddess in white, who makes out your check, scans every edible on your tray as through a magnifying glass, until you wonder whether, by any chance, she thinks you put the butter under the lettuce leaf of your salad purposely. There are restaurants where you eat what you want, total the prices yourself from the bill-of-fare on the wall, and pay the amount to the cashier when you go out.

Business transactions, without number, are concluded only after formidable, iron-clad contracts have been drawn up and signed. Yet, every day on the New York Stock Exchange, transactions involving thousands are concluded by a nod of the head.

The majority of people are honest, else there would not be these contradictions. Every transaction would be concluded by written agreement. Every one would watch and be watched. Priceless is the high opinion which the majority of people have toward others. When some one fails to live up to this opinion, he causes an irreparable loss.

College Makes Unique Requirements for Graduation

COLLEGES have long realized the value of extra-curriculum activities, but they have been somewhat tardy in recognizing them to the extent of granting college credit.

According to a recent report, Middlebury College, at Middlebury, Vt., is to require for graduation certain credits to be obtained from participation in college activities outside the classroom—such activities as journalism, athletics, public speaking, debating, and managerial responsibilities in connection with athletic teams. Something of a step, this, from the distant days when college students were supposed to study books and little else.

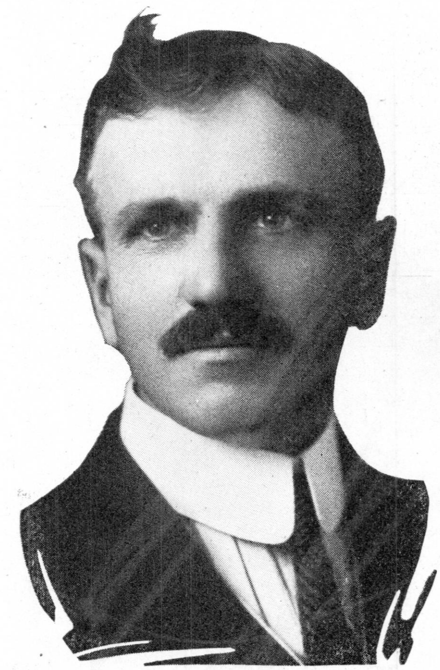
The continued success of the educational work carried on by evening schools has long shown that study does not have to be a thing apart from practice. In fact, the student's educational progress is assisted materially by his business or professional daytime experience. And schools offering daytime instruction are more and more correlating practical work with text-book theory. Middlebury is taking activities which have long been recognized, although unofficially, as part of the college curriculum, and is giving credit towards graduation for them. These activities are rather the activities of life than those of the classroom. The experiment is certain to be watched with interest by many students, educators, and business men.

Annual Banquet, Baltimore Pace Institute

ON Saturday evening, April 28th, under the able direction of George F. Flentje, Jr., chairman of the Banquet Committee, the Baltimore Pace Accountancy Association held its seventh annual banquet and dance at the Hotel Emerson, in Baltimore. In spite of unfortunate weather conditions, sixteen members of The Pace Club of Washington, including Dean and Mrs. Paul E. Clark, Mrs. E. K. Pollard, Mr. H. D. Percy, president of the club, and Mrs. Percy, journeyed to Baltimore and joined in the evening's entertainment. The third annual convention of the National Federation of Pace Clubs was held during the afternoon preceding the banquet. Delegates to the convention were guests of the Baltimore Club. Much business of importance to the federation was transacted.

Glenn Willett, of the Law Faculty of Pace Institute, Washington, was at his best as toastmaster. Daniel Clayland, president of the Baltimore Club, made an address of welcome to the guests of the evening, and J. Wallace Bryan, of the Baltimore Law Faculty, spoke entertainingly. The Reverend John R. T. Hedeman gave a splendid vocal number. Brooks Shackley acted as song leader. Charles H. Schnepfe, Jr., head of the Baltimore School, introduced to the banqueters several of the men who had gone through the Baltimore school—many in the first classes which had been formed—and who had made good in all walks of life.

Homes S. Pace, of New York, made the principal speech of the evening, and commended to his doubly appreciative audience the cultivation of the three brain functions—fact-gathering, judgment-forming, and action-compelling. He correlated for his hearers the sound development of these faculties with the careful training of character, not only along the clear-cut paths of obvious right and wrong, but in the ability to decide on the constructive, helpful, and moral side, in the every-day walks of life. John H. Bulin, of the New York Club, and Cecil M. Mears, of Washington, tendered to the Baltimore Association the greetings of their respective organizations. The program over, the banqueters concluded with dancing one of the most delightful evenings in the history of Baltimore banquets.



CHARLES H. SCHNEPFE, JR., C.P.A.

CARL HARBER, Pace Institute, New York, has accepted a position as bookkeeper with the New York Yellow Cab Company. Mr. Harber accepted this new position through the Pace Agency for Placements, Inc.

C. W. GROSS, Pace Institute, Extension Division, was recently appointed field auditor for the Montana State Board of Equalization. Mr. Gross is in full charge of the oil taxation in Montana. He maintains headquarters at Helena, Montana.

JOSEPH W. ZELENKA, Class B3301, Day-school Division, Pace Institute, New York, has accepted, through the Pace Agency for Placements, Inc., a position as bookkeeper with the Canada Dry Ginger Ale, Inc., 25 West 43rd Street, New York City.

JOHN J. BUTLER, formerly a student at Pace Institute, New York, is now a junior accountant on the staff of Clarence M. Day, C.P.A., 87 Nassau Street, New York City. Mr. Butler accepted this new position through the Pace Agency for Placements, Inc.

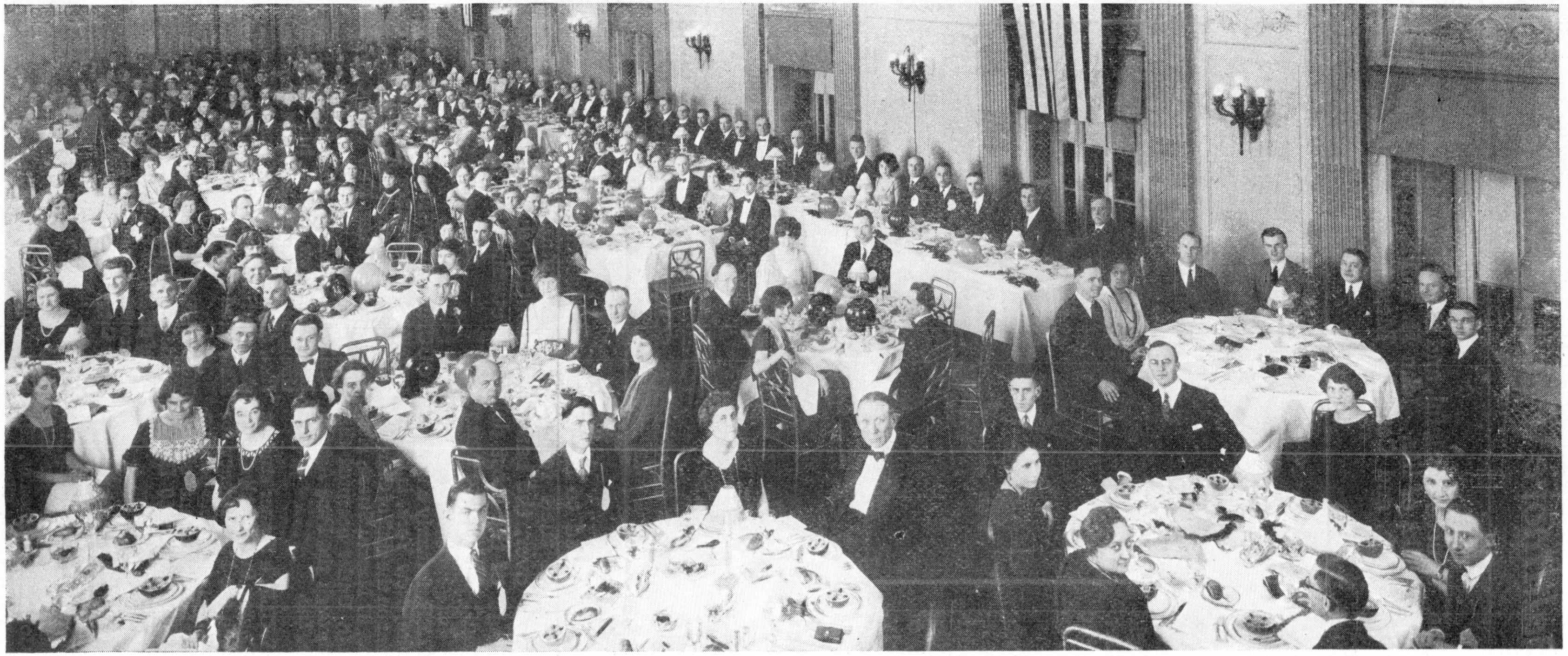
WALTER D. WOLF, a former student of the Pace Course in Brooklyn, has accepted, through the Pace Agency for Placements, Inc., a responsible position in the Statistical Department of the North American Company, 60 Broadway, New York City.

L. C. GRISWOLD, a former student at Pace Institute, New York, through the Pace Agency for Placements, Inc., has accepted a position as bookkeeper with the American Colortype Company, 207 West 25th Street, New York City.

TOUCHE,, NIVEN & COMPANY, accountants, announce the removal of their New York office from 42 Broadway to 80 Maiden Lane, New York City.

MAX STRUMPF, Class D3505, Pace Institute, New York, has accepted, through the Pace Agency for Placements, Inc., a position with Adams & Watterston, certified public accountants, 110 East 42nd Street, New York City.

BRISTER, NELSON & MARSH, public accountants, announce the opening of offices for the professional practice of Accountancy at 43 Cedar Street, New York City. Messrs. Brister and Nelson, of this new firm, are former Pace students. Mr. Brister took the Course some time ago at Buffalo, while Mr. Nelson passed the Pace Institute, New York, final examinations in June, 1919.



THE annual banquet of the students and graduates of Pace Institute, Washington, was held under the auspices of The Pace Club of Washington, at the Hotel Raleigh, on Saturday evening, April 14th. The principal address of the evening was delivered by General Herbert M. Lord, director of the Bureau of the Budget.

General Lord, after being introduced by the toast-master, Glenn Willett, outlined the benefits derived from the national budget. He declared that, due to the installation of the budget system, the Government was on a firmer business foundation than it had been for a hundred years. He outlined what the Bureau had done in curtailing waste and in systematizing Government expenditures. General Lord paid high tribute to all Government employees, and said that no group of people rendered a greater service to the Nation than the "vast army of tireless workers in the Government service." In concluding his address, General Lord made a plea for national thinking "in and out of Government service, for by that alone can America expect to right herself and fulfil the great part destined for her to play in the affairs of the world." General Lord was roundly applauded at the conclusion of his address.

Mr. Homer S. Pace, in a brief talk, congratulated The Pace Club of Washington upon the success of the banquet and upon the exceptional morale of the club. In the course of his address, Mr. Pace emphasized the importance of consistently cultivating three basic elements of success—health, character, and academic training. He brought out in pointed language the fact that every man has definite responsibilities to his family, to his community, and to himself, and that his success should be judged by the extent to which he measures up to these responsibilities.

Dean Paul E. Clark, of Pace Institute, Washington, made a brief address. He paid tribute to the unselfish devotion of the true teacher to his work, and to his untiring efforts toward making it possible for others to benefit from his training and experience.

The festivities of the evening opened with a reception in the outer parlors of the hotel, after which the banqueters, to the strains of "America," entered the banquet-hall and took their places at the tables. The invocation was delivered by the Reverend Thomas Worthington Cooke. Glenn Willett, dean of the Law Faculty of Pace Institute, who presided as toast-master, was introduced by Hampton D. Percy, president of The Pace Club of Washington.

George O'Connor, accompanied by Miss Genevieve Bearmore at the piano, led in the singing of popular songs and several special numbers prepared particularly for the banquet. Later in the evening, Mr. O'Connor rendered additional musical numbers. He was accompanied in this part of the program by Matt Horne. Mrs. Julia Culbreth Gray, assisted by Charles Ferry, gave several Southern dialect songs and recitations, which were received with evident delight. Rupert F. Keefe, author of several of the club songs, Mrs. Ethel K. Pollard, chairman of the Entertainment Committee, and Jerome Kaufman, chairman of the Banquet Committee, were forced to rise and receive the vocal congratulations of their friends.

Brief speeches were made by John H. Bulin, of New York, president of the National Federation of Pace Clubs; by Charles H. Schnepfe, Jr., C.P.A., and Herman A. Feldman, of Baltimore Pace Institute; and by John T. Kennedy, dean of the Pittsburgh School of Accountancy.

Among the guests were Judge Michael M. Doyle, formerly a member of the Pace Institute faculty; Luther F. Spear, former Deputy Commissioner of Internal Revenue; Miss Caroline Stephen, of the Temple School; Kingman Brewster, chairman of the Committee on Appeals and Review, Income Tax Unit, Bureau of Internal Revenue; L. G. Purvis, of Strayer's Business College; Mrs. Ruby Lee Minar, president of the Soroptimist Club; Andrew H. Phelps, field director of the United States Chamber of Commerce; F. R. Lucas, principal of the Business Night School; Judge Milton Strasburger, formerly of the Pace Institute faculty; Court F. Wood, of Wood's Commercial School; Felix Mahony, director of the National School of Fine and Applied Art; Charles L. Gable, first president of The Pace Club of Washington, Assistant Director of Postal Savings; and Daniel C. Roper, formerly Commissioner of Internal Revenue. Delegations were present from the Pace Clubs of Pittsburgh, Baltimore, and New York.

Following the formal part of the program, Nachman's Orchestra, which by its music had been adding materially to the enjoyment of the banquet, played for the dancing program which followed the banquet proper.

The officers of The Pace Club of Washington are: Hampton D. Percy, president; Marjorie Chace, secretary; Ella C. Werner, assistant secretary; Harrison M. Hoyt, treasurer. Jerome G. Kaufman was chairman of the Banquet Committee, and he was ably assisted by the following members of The Pace Club of Washington: M. Harvey Banks, Genevieve C. Bearmore, J. Charles Bondurant, Marjorie Chace, Kenneth S. Felmer, Captain Frank A. Frost, Ralph T. Greene, Harrison M. Hoyt, Cecil M. Mears, Hampton D. Percy, Ethel K. Pollard, Nellie M. Stephenson, Ella C. Werner, John H. Williams, Mary E. Wilson, and Hugh D. Wingard.

PANGBORN & PANGBORN, certified public accountants, announce the removal of their office to the Saint Paul Building, Suite 1014–15, 220 Broadway, New York City.

HOWARD F. MAHON, a former student at Pace Institute, New York, was successful in the June, 1922, New York State C. P. A. examinations. Mr. Mahon is engaged in public practice at 12 Spruce Street, New York City.

DWIGHT W. ROBB, who completed his course at Pace Institute, Boston, was among the successful candidates in the October, 1922, C.P.A. examinations in Massachusetts, and has been awarded his certificate of certified public accountant by the Bank Commissioner of that State.

HENRY J. BORNHOFFT, C.P.A. (N.H.), resident manager of Pace Institute, Boston, was among the successful candidates in the October, 1922, C.P.A. examinations in Massachusetts, and has been awarded his certificate of certified public accountant by the Bank Commissioner of that state.

GEORGE A. HUBER, who was formerly with Main & Company, certified public accountants, 149 Broadway, New York City, recently accepted, through the Pace Agency for Placements, Inc., a position as accountant on the professional staff of Wythes & Wilson, certified public accountants, 30 Church Street, New York City.

F. C. BROWN, Class F115, Pace Institute, Washington, has resigned his position in the Federal-American Bank to accept a position as accountant with the Chapin-Sacks Manufacturing Company, Washington, D. C. This concern is one of the largest manufacturers of ice cream in the South. It maintains twenty branches in the territory south of Washington.

FRANK SORACY, a graduate of Pace Institute, New York, has accepted a position as semi-senior accountant on the professional staff of Eckes & Dean, certified public accountants, 40 Rector Street, New York City. Mr. Soracy accepted this new position through the Pace Agency for Placements, Inc.

MAURICE W. HALKYER, who was a student of the Pace Courses at Eastman-Gaines College, Poughkeepsie, New York, recently accepted, through the Pace Agency for Placements, Inc., a position as accountant with the Franklin Railway Supply Company, 17 East 42nd Street, New York City.

JOSEPH H. SMITH, Class C3403, Pace Institute, New York, is now an accountant with the Estate of David W. Bishop, 14 Wall Street, New York City. Mr. Smith accepted this new position through the Pace Agency for Placements, Inc.

OSCAR J. SUFRIN, C.P.A., formerly of the firm of Sufrin & Gompers, announces the opening of an office at 1328 Broadway, New York City.

JULIAN W. MALEY, Pace Institute, Washington, recently accepted an appointment as accountant in the Department of Justice, Washington, D. C.

OSCAR L. ORR, Class D117, Pace Institute, Washington, recently resigned his position with the Air Service to accept a position as accountant with the Department of Justice, Washington.

JAMES K. POLK, JR., who was graduated from Pace Institute, Washington, in November, 1922, was recently promoted to the position of unit chief in the Consolidated Returns Section, Income Tax Unit, Washington, D. C.

FREDERICK D. CHAMBERS, C.P.A., who was some years ago a student at Pace Institute, New York, was recently appointed auditor of the Board of Education of New York City. Mr. Chambers was for some time deputy auditor. He succeeds Henry R. M. Cook, C.P.A., who recently resigned.

CHARLES S. McCULLOH, C.P.A., first vice-president of the New York State Society of Certified Public Accountants and secretary of the New York State Board of Certified Public Accountant Examiners, is a member of the firm of F. W. La Frentz & Company, 100 Broadway, New York City, recently organized. Mr. McCulloh was formerly a member of the firm of McCulloh & Brown, certified public accountants, 43 Exchange Place, New York City.

GEORGE A. WARNER, Class B119-2, Pace Institute, Washington, recently accepted a position with the Washington Market Company, Washington, D. C.

MRS. LOIS HILTON, Semester B, Pace Institute, Washington, recently became bookkeeper and office manager for the Sas-O Bottling Company, Washington, D. C.

GEORGE BOND, a student in Semester B, Pace Institute, Washington, has accepted a position as bookkeeper with the Nichols Wholesale Stationery Company, Washington, D. C.

CARLTON P. WOODWARD, Class A3112, Pace Institute, New York, through the Pace Agency for Placements, Inc., has accepted a position as secretary to Charles Hecht, C.P.A., 300 Madison Avenue, New York City.

MISS SARAH H. FONES, Semester B, Pace Institute, Washington, who has been employed for the past year and a half in the office of Pace Institute, Washington, recently accepted a secretarial position in the office of Stoy & Burnham, certified public accountants, Washington, D. C.

A. G. WALLING, Class D117, Pace Institute, Washington, is now head bookkeeper and in charge of credits for E. G. Schafer & Company, Inc., Washington, D. C.

M. H. BANKS, Class D117, Pace Institute, Washington, recently accepted the position of cost accountant for the Central Armature Works, Inc., Washington, D. C. Mr. Banks was recently elected vice-president of The Pace Club of Washington.

MRS. HAZEL STERNKE, a student in Semester A, Pace Institute, Washington, has been promoted from a clerical position to a position in the Accounting Department of Woodward & Lothrop, one of the leading department stores of Washington, D. C.

F. L. DUNSMORE, formerly a student at Pace Institute, New York, is now in charge of the Export Department of H. J. Heinz Company, Pittsburgh, Pa. According to "Pace Echoes," published by the Pittsburgh School of Accountancy, Mr. Dunsmore was a member of the Pittsburgh delegation to the National Foreign Trade Convention held at New Orleans, La., on May 2nd, 3rd, and 4th.

ANOTHER Pace student has made his mark as an executive accountant. Edward C. Mendler, who was a student of the Pace Course in New York City in 1916 and 1917, has accepted, through the Pace Agency for Placements, Inc., the controllership of Landay Brothers, Inc., 23 West 42nd Street, New York City.

Mr. Mendler began his business career as an office boy with James Pyle & Sons, in Edgewater, N. J., and by 1915, because of his native ability and constant application to his work, he had become cost accountant for this organization. Leaving this firm, he became controller of R. Wurlitzer Company, 120 West 42nd Street, New York City, remaining in this position until his enlistment in the army, in 1917. Upon his return to civilian life, in 1918, he accepted a position as accountant with W. R. McCall & Company, Ltd., 350 Broadway, New York City, and in 1919, he was engaged as a member of the permanent staff of Ernst & Ernst, certified public accountants, 80 Maiden Lane, New York City. Mr. Mendler was a senior on the staff of Ernst & Ernst when he became controller of Landay Brothers, Inc.

ALLAN C. MUDDIMAN, who was graduated in 1922 from Pace Institute, Washington, and who was until recently a member of the Special Committee on Appeals and Review of the Income Tax Unit, has resigned from the Unit. Mr. Muddiman will enter professional Accountancy practice on the staff of Patterson, Teele & Dennis, accountants, in their Washington, D. C., office.

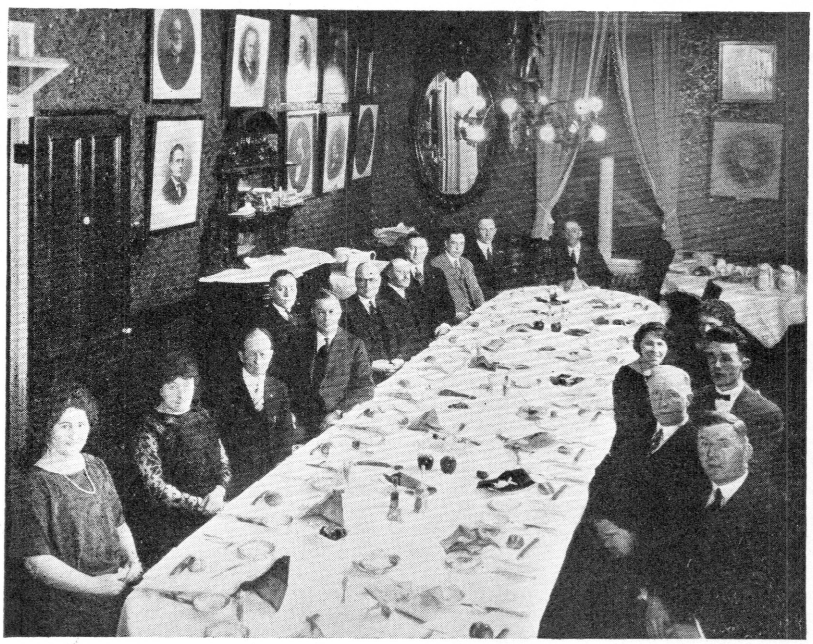
GLENN W. GRAVES, Class D3504, Pace Institute, New York, has accepted, through the Pace Agency for Placements, Inc., a position as bookkeeper with the Ramapo Valley Publishing Company, Suffern, New York. Mr. Graves began his study of Accountancy in the Day-school Division of Pace Institute, New York.

W. H. YARNOLD, formerly a student at Pace Institute, Newark, recently accepted a responsible position as general accountant with the Associated First National Pictures, Inc., 6 West 48th Street, New York City. Mr. Yarnold accepted this new position through the Pace Agency for Placements, Inc.

MISS HANNAH WEINBERG, a former student at Pace Institute, New York, has accepted, through the Pace Agency for Placements, Inc., a position as bookkeeper with Louis B. Prahar, Inc., 242 Third Street, Brooklyn, N. Y.

ALLIE SCHRIRO, Class A118, Pittsburgh School of Accountancy, conducting Pace Standardized Courses, recently accepted a position on the engineering staff of the H. Koppers Company, Pittsburgh, Pa.

M. D. BACHRACH & COMPANY, certified public accountants, Pittsburgh, Pa., announce the removal of their offices to Suite 1320, Farmers' Bank Building, Pittsburgh.



Class E502, Pace Institute, Boston, Holds Third Annual Dinner

THE third annual dinner of Class E502, Pace Institute, Boston, was held at Young's Hotel, Saturday evening, March 24th. President Dudley B. Ellis acted as toast-master. During the evening, songs and recitations were given by Messrs. John F. Riley and Harold F. Carney, of the Dedham Glee Club. The entire gathering joined in singing community songs.

Following the dinner, the class elected officers for the ensuing year as follows:

President	James H. Kenney
Vice-president	Mary A. Ennis
Treasurer	Helena J. O'Malley
Secretary	Sarah G. O'Brien

The guests of the evening included Messrs. Henry J. Bornhofft, Amos L. Taylor, Luther Hill, F. J. Lally, and James V. Giblin, of Boston.

Commercial Value, Including Tangible and Intangible Assets

By George H. Davis, of Ford, Bacon & Davis, Inc.

COMMERCIAL value of a going business is of vital importance to *(a)* Controlling Owners, *(b)* Bankers and Brokers, and *(c)* Investors.

It is often clumsily measured by the amount paid for securities on the exchanges, the market registering the composite guess of investors.

The average investor in the securities of the larger corporations has little information on which to base his comparisons of values and prices. If he makes any investigation relating to his prospective purchase, it is usually superficial, generally based upon published statements. At most, a few hundred dollars are spent by him in determining upon an expenditure of a relatively large amount, often his entire savings.

If there are 5,000 investors in a corporation's stock, and each has spent $50 in obtaining his investment information, a total of $250,000 will have been spent. Such a sum is sufficient, if coördinated, to completely determine reliable business or commercial values of the larger enterprises.

The law of change prevails in business as elsewhere. The great fluctuation of values on the exchanges is generally due to a lack of knowledge of past and prospective conditions of the business, such as changes in : *(a)* quality of the management; *(b)* plants; (c) quality and marketing of products.

The commercial value of a property, from the standpoint of controlling owners and minority investors, should be periodically determined. This valuation would be, in effect, an analysis of the business, bringing out all its advantages and disadvantages covering its policies, operation plans, and its status.

An accurate and well-founded estimate of the commercial value for permanent investment is the result of an extremely difficult process, involving an exhaustive study of all the direct and collateral considerations and criteria of the business, and requiring a broad business and technical experience, including a complete and intimate working knowledge of the principles and methods of the business in question.

Within commercial limits, "going business value" is measured by: *(a)* established earning power, past and prospective, and includes: *(b)* the value-in-use of the physical assets.

In practically all businesses, "intangible assets" are the major portion of the worth of the business; in fact, the most real of the two principal asset divisions of value here noted.

Assuming approved accounting, the principal criterion of value of a business, as stated, is the percentage earned on the prospective purchase price after deducting: *(a)* operating expenses, including maintenance; *(b)* depreciation, including obsolescence, supersession, and physical deterioration; *(c)* reserves for contingencies; and *(d)* taxes—Federal, state, and local.

Such a valuation should take into consideration: *(a)* average results of five years' past operation: *(b)* the results of the operation for twelve months immediately preceding date of purchase; *(c)* the estimated results of operation for a reasonable period, probably of five years, following the date of purchase.

Some of the principal items of value and the conditions which should be especially desired or noted by purchasers are: *(a)* the net quick assets of a company. The merchandise inventory should include only such merchandise items as can be disposed of for cash; *(b)* the sales department employed by a company should be such as to reach: (1) consumers in all geographical locations; and (2) a large number of individual customers. Any business having only one or two customers should be avoided.

(c) The business should maintain an able, complete, self-perpetuating organization of young, reliable officers and employes; also *(d)* a designing and developing department for the production of new and improved products, thus meeting the constantly increasing requirements of consumers; *(e)* competition. The greatest profit is realized in specialty products, based upon good trade-names, trade-marks, patents, etc.

Some of the other special features of a business to which earning power may be attributed are listed as follows: (1) established market and merit of product; (2) independence of protective tariffs and other forms of taxation attached to special industries; (3) the availability of labor, skilled and unskilled. The business requiring a minimum of labor and a minimum of skilled labor has a distinct earning power advantage; (4) ample sources of raw materials. The business having available a large amount of raw materials of a relatively inexpensive type has an advantageous earning power position; (5) a product that is not a necessity, which will, therefore, not be subject to governmental regulation as to production, price, and distribution; (6) a minimum tonnage, both of raw materials and manufactured product, thus eliminating transportation difficulties and large freight payments; (7) extent to which a product is seasonal in demand; (8) extent to which a product may be cheaply transported and stored without deterioration; (9) a product that is constantly in demand, quickly used and completely consumed, resulting in a continuous renewal of orders, and particularly the continuance of the same customers over indefinite periods; (10) a nominal cost of the product to an individual consumer in comparison with other living costs.

Constructive criticism with recommendations, either of approval or disapproval, from competent external sources, is a necessity in commercial as in other activities. A comprehensive commercial valuation of a business implies a review of men, machines, policies, plans, and possibilities. It includes under consideration every circumstance, tendency, feature or item of the business in its relation to past and future utility, stability, and earning power.

The use of comprehensive valuations, which have been reliably produced, is a new departure with many of the great constructive banking interests. If these interests dealt only in future certainties, it is obvious that they would sustain no important losses. Exhaustive analyses, however, of past and proposed undertakings go far to clear the future for the best forevision humanly attainable.

Important C.P.A. Court Decision in New York State

WE QUOTE below the announcement recently sent out by the New York State Society of Certified Public Accountants in reference to recent opinions handed down in the Court of Special Sessions and in the Appellate Division of the Supreme Court. These decisions are of particular interest to all accountants practicing in New York State.

To Practicing Accountants in the State of New York:

The Board of Directors of New York State Society of Certified Public Accountants believe that the recent opinions handed down in the Court of Special Sessions and in the Appellate Division of the Supreme Court are of interest to all practicing accountants within the State.

In view of the widespread interest in these opinions in respect to certified public accountants, the Society has requested its counsel, White & Case, to prepare a digest covering these cases, from which the following is quoted:

Mr. Herman Marlowe was charged with unlawfully assuming the title "Certified Public Accountant." The specific facts of the charge were that he caused to be printed in Donnelly's Red Book an advertisement, which read:

"H. Marlowe, C.P.A. (N.A.), Audits, Tax Reports, Books opened and closed, Monthly audits, Arrangements for Firms not employing Bookkeepers, 1265-69 Broadway, Tel., Penn. 3160."

The information filed by the District Attorney against Marlowe alleges that he was a member of the National Association of Certified Public Accountants; that he had not applied to the Regents of the University for a Certificate, and sued the abbreviation "C.P.A. (N.A.)" without any intention of violating Section 80 of the General Business Law and to indicate that he was a member of the National Association of Certified Public Accountants.

The defendant demurred to the charge against him; that is to say, he pleaded in answer to it that, granting the truth of the facts concerning his use of the abbreviation "C.P.A. (N.A.)," he did not commit any crime.

The Court decided and held that Mr. Marlowe violated the provisions of the Business Law regulating the use of the abbreviation and title "C.P.A." in spite of the fact that he qualified it by the use of the parenthetical expression "National Association" to indicate that he was a Certified Public Accountant of the National Association.

The decision of the Court is based almost entirely upon the recent decision of the Appellate Division of the Supreme Court, for the First Department, in the case that your Society helped to press to a successful termination, namely, *People v. National Association of Certified Public Accountants*.

In the course of its opinion, the Court said: "Public accountancy is a well-recognized profession, the practice of which in the state of New York is not made dependent upon the issuance of any license; nor is any special qualification required by law so to do. The matter of the accountant's proficiency rests entirely with the judgment of those who engage or hire his services. But the Legislature of this state has enacted an amendment to the General Business Law that a Certified Public Accountant before practicing in the state of New York as a public expert accountant, or assuming the title as such, shall receive from the Board of Regents of the University of the state a certification of his right to engage in such practice as a certified public accountant, entitling him to be known as such; * * * "

The Court further quoted with approval the following from the opinion of the Appellate Division above mentioned:

"It is entirely clear from Sections 80, 81, of the General Business Law above quoted, that no person may hold himself out as a Certified Public Accountant, or use the abbreviation 'C.P.A.' or any other word, letters or figures, to indicate that the person using the same is a Certified Public Accountant, except upon the authorization of the Regents of the University of the state of New York * * *."

The Court of Special Sessions further said: "The fact that the degree of Certified Public Accountant has been conferred on the defendant by the Association of which he is a member, does not, in my opinion, entitle him to hold himself out to the world as a public expert accountant in the state of New York. The use of such a degree, lawfully obtained from any board or other institution outside of this state is prohibited, unless the requirements of our General Business Law, supra, have been fulfilled. The appending of the name of the association, institution, board, or state, after the degree so used or employed by any person does not take him out of the prohibition of the statute under consideration.

* * * *

"As I view it, the statute affecting Certified Public Accountants in this state was enacted, not alone to prevent fraud, but as well to assure to the public that persons practicing public accountancy as experts, certified as such, have met our standard as to qualifications and tests, fixed by law, or in accordance with the rules and regulations authorized thereunder. To rule otherwise under these circumstances would mean that other states, boards, associations, and institutes could prescribe a course of study, determine their own test of proficiency of the applicant and then issue a degree to him as a certified public accountant, which, according to the claim of the defendant, would entitle the recipient thereof to come into this state and practice expert public accountancy. I cannot agree with this view, which has been urged upon us for consideration."

The decision of the Court of Special Sessions interprets the law of this state to forbid the use of the abbreviation "C.P.A." by any persons other than those holding a certificate issued by the Regents of the University. Certified Public Accountants who are certified by other states or any agency other than the Board of Regents are not permitted in the state of New York, under the provisions of the Business Law, to use and assume the title "C.P.A." They violate the law, according to the decision of the Marlowe case, as much by qualifying the abbreviation to show the source of their certificate as they do in using the abbreviation without qualification. The decision is in line with that of the Appellate Division above mentioned, and clearly formulates the law.

This matter is brought to your attention with the belief and hope that all accountants in practice in New York who do not hold a certificate issued by the Regents of the state of New York, will accept the decisions of these courts pending any appeal to higher courts.

By order of the Board of Directors.

James F. Farrell, *Secretary*

April 24, 1923.

New York State C.P.A. Requirements

BELOW we have pleasure in publishing the requirements with respect to the preliminary education required before admission to the New York C.P.A. examinations, together with other examination rules:

The certificate of certified public accountant may be issued to a candidate who: (a) pays a fee of $25; (b) submits evidence that he is more than twenty-one years of age and of good moral character, and that he resides in or has a place for the regular transaction of business in the state of New York; (c) meets the preliminary and professional requirements and passes the examination.

Preliminary Requirements

The certified public accountant qualifying certificate, official evidence of the completion of the preliminary requirement, may be secured in any one of the following ways:

(1) By presenting evidence, upon forms furnished by the Department, of the successful completion of four years' work in an approved secondary school.

(2) By earning an academic or college-entrance diploma upon examinations in the schools.

(3) By presenting evidence of the successful completion of one full year's work in an approved college or university.

(4) By presenting evidence of the successful completion of work in another state or in a foreign country equivalent to the completion of a four-year course in an approved New York State secondary school.

(5) By presenting from a professional school evidence of the completion of work recognized as the equivalent of one or more years of work in an approved secondary school together with sufficient additional credits to make the full equivalent of a four-year course in an approved secondary school. Under this head, allowance is made for study completed in registered schools of theology, law, medicine, dentistry, pharmacy, and veterinary medicine.

(6) By earning, within six successive years, 72 academic counts in Regents' examinations, with a rating of at least 75 per cent. in each subject, as follows: (a) required, 56 counts: English, three years, 12 counts; English, fourth year, 4 counts; any second year foreign language, 10 counts; elementary algebra, 5 counts; plane geometry, 5 counts; two of the three sciences—physics, chemistry, biology, 10 counts; American history, 5 counts; modern history 1, or modern history 2, or social science (civics and economics), 5 counts.

(b) Electives, 16 counts: an additional second year of a foreign language, viz., Latin second year, Greek second year, French second year, German second year, Spanish second year, Italian second year, or Hebrew second year, 10 counts; physics, 5 counts; chemistry, 5 counts; biology, 5 counts; physical geography, 5 counts; intermediate algebra, 2 counts; advanced algebra, 3 counts; solid geometry, 2 counts; plane trigonometry, 2 counts; modern history 1, 5 counts; modern history 2, 2½ counts; civics, 2½ counts; economics, 2½ counts; commercial arithmetic, 5 counts; elementary bookkeeping and business practice, 3 counts; bookkeeping 1, 5 counts; bookkeeping 2, 5 counts; shorthand, 100-word test, 10 counts; drawing, 6 counts. The President of the University may, under extraordinary circumstances, waive the time limit.

(7) By passing Regents' examinations to supplement one or more successful years of work in an approved secondary school. Eighteen counts are allotted for each year of such work. All candidates who present evidence of the partial com-

pletion of a secondary school course will be advised in what subjects it will be necessary for them to pass examinations to complete the requirements for the certified public accountant qualifying certificate. So far as practicable, the additional examinations necessary will be based upon the requirements for the 72-count certificate as indicated in paragraph six.

Special Examination in English

All applicants for a certified public accountant qualifying certificate upon credits from foreign countries other than those in which English is the language of the people, all or any part of which equivalent certificates are earned or issued in said foreign countries, must pass a special examination in English, upon which no counts are granted.

Professional Requirements

A candidate must present satisfactory evidence of five years' satisfactory experience in the practice of Accountancy, at least three of which must have been completed prior to his admission to the written certified public accountant examination, and at least two of the five years' experience shall have been in the employ of a certified public accountant in active practice, in no less grade than that of a junior accountant or the equivalent thereof. All applications for admission to an examination must be filed with the Examinations and Inspections Division of the Department at least two weeks prior to the date of the examination in order that the experience claimed may be verified.

The Examinations

The examinations are held twice a year, at Albany, Buffalo, New York, and Syracuse, in five sessions of three hours each, as follows:

1923	1924	1925
Jan. 29–31	Jan. 28–30	Jan. 26–28
June 25–27	June 23–25	June 22–24

Daily Program

	Morning 9:15	Afternoon 1:15
Mon.	Theory of accounts	Practical accounting (part 1)
Tues.	Practical accounting (part 2)	Auditing
Wed.	Commercial Law	

The passing mark in each subject is 75 per cent. A candidate who fails in one subject only may take a subsequent examination in that subject. A candidate who fails in more than one subject must take all subjects again.

The Question and Answer Department

This Department does not publish answers to all questions received, but only to those which are deemed to be of general interest to readers of The Pace Student. A communication, in order to receive attention, must contain the name and address of the person asking the question.

ASSUMING Jones & Company, on November 21, 1922, discount their 60-day note for $10,000.00, the entry would be as follows:

CASH	$9,898.00	
DISCOUNT	100.00	
EXPENSE (Stamps)	2.00	
To NOTES PAYABLE		$10,000.00
For discounting of note.		

On January 20, 1923, when the note becomes due, Jones & Company are unable to pay it and have it renewed for 60 days. At the same time, they pay discount and documentary stamps amounting to $102.00. What entry shall I make recording the $102.00 paid January 20, 1923? I made an entry covering $102.00 when the note was orignially discounted.

Answer:

The usual procedure on renewal of a note payable is that the bank, considering the renewal of the note to be a payment of the old note, charges the account of the maker of the note for the full amount—in this case, $10,000.00—and obtains from the maker an entirely new note. If this is done, the entries on the books of the maker of the note at the time of renewal will be:

NOTES PAYABLE	$10,000.00	
To CASH		$10,000.00
For payment of note issued November 21, 1922.		

CASH	9,898.00	
DISCOUNT	100.00	
EXPENSE	2.00	
To NOTES PAYABLE		10,000.00
For new note issued.		

In some cases, an endorsement is made on the note to the effect that the date of payment has been extended. In this case, the credit in the Notes Payable Account could remain as it was, and the entry to take care of the discount and expense would be:

DISCOUNT	$100.00	
EXPENSE	2.00	
To CASH		$102.00
For expense in connection with renewal.		

The $102.00 of expense on the date of renewal is in connection with the renewal, and applies to the period during which the renewal is in effect. It has no connection with the $102.00 paid at the time of discount of the original note.

A JEWELRY store has a hold-up. The amount of the theft is $2,000.00, and there was no insurance. Is the following entry correct?

LOSS DUE TO BURGLARY	$2,000.00	
To INVENTORY, JANUARY 1, 1922		$2,000.00
For loss due to burglary.		

Answer:

The debit in this entry is correct, and would be closed at the end of the fiscal year to the Profit & Loss Account. The credit entry would be correct only if the merchandise stolen consisted of items which were included in the above-mentioned inventory. It is likely, however, that the stolen articles were items from the opening inventory and from purchases during the period. It would be better then to carry the credit directly to the Trading Account, and, at the time of preparing the Profit & Loss Statement, to treat the amount as an offset to the sum of Opening Inventory and Purchases. This subtraction would leave a balance of merchandise that would be available for sale during the period.

FOR income-tax purposes, the Treasury Department has declared that treasury stock can not be treated as an asset. There are many accountants who maintain that, from an accounting view-point, treasury stock may be correctly listed with the assets on the asset side of the balance sheet. I would thank you for your valued opinion in this matter.

Answer:

The term "treasury stock" is sometimes applied to stock authorized in a certificate of incorporation, but which has never been issued. This practice, however, is not considered the best usage. The term "treasury stock" is more commonly applied to stock which has once been issued, but which has subsequently been reacquired by the issuing company. We presume you refer to stock of the latter type.

The contention that treasury stock which has been reacquired by the issuing company is an asset is an old contention. The effect of the purchase, however, is, that such shares are held subject to the proprietorship and control of the holders of the stock that is still outstanding. If a company which originally issued $500,000.00 of stock reacquires $100,000.00 of this stock by purchase or otherwise, the holders of the remaining $400,000.00 of stock would exercise all of the powers which had been possessed by the holders of the amount originally outstanding. In effect, so far as proprietorship equities are concerned, there is no increase in asset value—there is a diminution in the outstanding proprietorship interests. The mere fact that the company might be able to sell and reissue the stock which has been reacquired—which is the principal reason advanced for considering the item as an asset—does not change the matter, as the purchase is similar to that with respect to unissued stock. In preparing a balance sheet, it is the custom of a majority of accountants to deduct treasury stock from the total amount of stock issued, in order that the net amount of stock outstanding may be shown.